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STATEMENT OF HUGH HECLO

BEFORE THE

SUBCOMMITTEE ON CIVIL SERVICE
HOUSE POST OFFICE AND CIVIL SERVICE COMMITTEE

APRIL 12,1984
WASHINGTON, D. C.

MADAM CHAIRWOMAN:

I am grateful for this opportunity to offer my evaluation of the Senior Executive Service as it has evolved over the past five years.

I am a professor of government at Harvard University and a former senior fellow at the Brookings Institution. I have published books and articles on problems of federal executive management, and one of these contributions (A Government of Strangers,Brookings, 1977) has been alternatively blamed or credited with advancing ideas that lay behind SES provisions in the Civil Service Reform Act of 1978. In short, I am one of those academic types who has never met a payroll.

But I have tried to listen carefully to and think seriously about what practitioners in government say and do. And I have been greatly informed by reading all of the testimony presented to this Subcommittee since last November 7th.

This reading of your hearing materials leads me in fact to my first conclusion. I believe Gladys Spellman's instincts were correct when she insisted on the sunset provision that set these hearings in motion five years later. Without this provision, the current scrutiny being given to the system would never have occurred. I believe that our approach to the difficult problem of executive management should still be regarded as experimental. The evidence is not yet in. We do

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not know whether it is too soon for the results of more effective management to show up, or whether it is too soon for anyone to have really had a chance to politically abuse the system. A new statutory requirement for congressional review should be enacted. I think that this time the leash should be shorter --say three years-- to hold the political managers of this vital personnel system more accountable.

It is in the spirit of Gladys Spellman's initiative that I will, as frankly as possible, give you my evaluation of what has happened.

Your Subcommittee's work leads me to a second observation. * I am struck by how little evidence of serious evaluation is forthcoming from the central personnel leadership of the executive branch. Compared to the fine work of the GAO and the information presented by Common Cause, the Federal Executive Institute Alumni Association, the Senior Executives Association, and the Office of Merit System Review and Studies --compared to this body of material the Office of Personnel Management seems to have little to offer.

I find it absurd, for example, that Director Devine's testimony cites evidence that senior executives express satisfaction with their jobs in order to conclude that the SES corps is in high spirits. Of course it may mean nothing of the kind. At Harvard I may take great pride in my own little personal projects while regarding the larger bureaucratic system of Harvard as an abomination.

Five years ago serious evaluations were begun at OPM. Today these efforts seem to have faded and not been renewed. Neither was it encouraging in November 1982 to see OPM's evaluation office reorganized under a political directorship for public affairs. GAO should be asked to examine the executive branch's evaluation process and results; if the central personnel agency cannot be induced to produce objective evaluations, the Congress should expand its capacities to do so.

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My third conclusion is admittedly more judgmental. But in a situation such as this I do not think we should hide from making judgements. While I find the GAO evidence useful, I also find it (like the Grace Commission report) unduly narrow. It tends to view the SES as an isolated set of personnel techniques. It sees particular occurrences --the paycap, the stab in the back on bonuses, the "performance appraisal systems"that most participants see as having minimal effect on performance, the mobility enhancing techniques that are not being used to develop peoples' careers, job-enriching sabbaticals that have gone to a total of five persons in non-defense related agencies--these occurrences are seen by the Comptroller General as the causes of disappointments rather than as the symptoms of larger problems. And since there are few smoking guns to suggest politicization, the system must be working pretty well.

GOOD

The GAO statement puts the best face possible on what, in its general tone and spirit, is an unhappy story. Indeed I think there is a feeling in many quarters that since there is no obvious,terrible flaw in the SES conception, it is better to let the system lie and not disturb it too much.

I judge the implications of the evidence differently. As I see it, we are not succeeding in the attempt to create a creditable higher civil service. We are not doing so because we do not have--indeed the 1978 Civil Service Reform Act did not even contemplate creating-- a larger system of public management into which the SES could fit and be sustained. Reformers saw it as their job to fix the bureaucrats and not the larger disorders of political management in which civil service problems are embedded. To do more would have been too controversial. In its internal conception SES may be fine. But we are trying to fit a healthy component into a flawed and ailing structure. In the remaining time alloted to me I would like to try to elaborate these points.

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Is This Success?

Let me very quickly itemize a few major findings without bothering to footnote the witnesses in question. Each result is subject to qualifications of course, but ask yourself this question: Are these, taken altogether, the signs of a successfully operating personnel system?

o-- over 70% of current and former executives believe SES is not providing a system designed to attract and retain competent senior executives

o-- almost 90% of senior executives do not feel SES has improved the quality of government outputs

o-- 80% of executives say the system of financial incentives has had nil or negative effects on performance

o-- most executives feel it is the intrinsic value of their work and not financial incentives dangled by top management that motivates effective performance

o-- 82% of executives report the management incentives of the Merit Pay System is not worth their cost of administration

o-- most senior executives believe their agencies' performance appraisal system has little effect on performance, hasn't improved communication between superiors and subordinates, and is not worth the cost

o-- 50% of executives think bonus awards are not being made in a fair manner in their agencies

o-- most executives perceive bonuses as going disproportionately to persons who make a big splash or work closely with political officials, not managers who work quietly and effectively out of the limelight

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o-- 40 or more of senior executives have witnessed one or more forms of arbitrary personnel actions, mainly arising from partisan politics or the desire of top management to place a particular person

o-- 54% of executives feel the SES Candidate Development program is not working successfully in their agencies

o-- 75% of executives feel managerial flexibility under SES has not been used to improve executive development

o-- 75% of executives think relations between political appointees and career executives is not fostering managerial effectiveness

o-- of those who entered SES in 1979, 40% have left government

o-- 22% of career executives say they are planning to leave

o-- 72% of career executives would not recommend a career in the federal government to their children

Madam Chairwoman I do not believe these are the signs of a successfully operating higher civil service. I believe that in the private sector if a personnel director and his staff produced these kinds of results among a company's employees he would be summarily fired. And he would deserve to be.

Apart from a rather silly emphasis on financial incentives and productivity measures to motivate high level professionals, the basic problems do not arise from within the SES program itself. The fundamental problems arise from trying to graft a well- conceived SES system onto an ill-conceived non-system of political management and legislative oversight.

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Where Good Intentions Went Wrong

The Civil Service Reform Act of 1978 was born with a split personality. On the one hand it was the culmination of several generations of effort by "good government" types to produce a positive, high level role for senior civil servants. On the other hand the Act was responding to a more recent surge of anti-Washington, "government is the problem" sentiment. The selling of civil service reform inside the bureaucracy required concentrating on the former. The selling of reform to the larger outside political world required riding the emotions of the latter. Because bureaucrats were lazy, SES should make them work harder; because they were obstructionist, SES should make them more responsive; because they were incompetent, reform should make them easier to fire.

In this atmosphere there was absolutely no incentive for anyone to take on the politically tough question of how to ensure the effective management of this new SES mechanism. Civil service reformers were just that, trying to "fix bureaucrats" without intervening in the political management of the system. Reformers were like the marriage counselor who deals only with wives.

If you doubt that this gap lies at the heart of SES's troubles, ask yourself this question. After five years, how many of the persons who designed the SES system can be found today with any general responsibility for supervising the implementation of their design? I know of no surer recipe for failure than to separate people's personal career stakes from the fate of the projects they are called upon to manage. Yet that is what we have done. To ask temporary political appointees to superintend most of the operation of the complex SES system is roughly comparable to entrusting the family heirlooms to a two year-old (which is roughly how long most political appointees remain on the scene).

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Let me assure you that I do not believe political appointees are generally malevolent or stupid or uncaring. It is all a matter of incentives. Temporary political executives do not have to live with the consequences of their management of the SES system; their real careers lie elsewhere. There are few concrete reasons to worry about the long-term health of the higher civil service personnel system and strong reasons to worry about short term policy and personal agendas. Bureaucratic performance is likely to be thought of in terms of quick responsiveness to direction or simple, mechanistic measures of productivity that can be easily understood. For political appointees it is personally rational to be institutionally foolish regarding management of SES--not to worry about long-term resentments against the way bonuses are used, not to worry about the executive development of officials who will be of use only to a successor administration, not to look past short-term responsiveness in judging performance.

If we were to take seriously the lessons of private sector practice--rather than its proverbs imported to the public sector by consultants--our system of public management would look very different. For example, there is much talk of a "Quest for Excellence" in the public sector. But to judge from the Peters/Waterman study of that name, public management excellence would require something like the following:

- o-- those responsible for implementation would be "in on the action" of deciding policies.
- o-- any assumptions of a we/they relationship--expectations of innovative change from on high and mute responsiveness from below--would be broken down.
- o-- topside staff would be lean and composed of persons with a long-term commitment to the organization's core values.

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Our current non-system of public management, embracing career and political executives, is roughly the negative image of these stipulations.

Doing Better

I will now prove that I am an ivory tower academic by failing to provide a neat set of practical recommendations to correct the situation I have described. My real aim is to try to encourage serious people to reflect more broadly about this subject. It is time to do the job that was not done in 1978 and start thinking through the larger system of public management.

Does this require a new set of Subcommittee hearings? A joint House/Senate Study Group, a new mandate to GAO? I will leave this for others to decide. Let me conclude by suggesting three areas for eventual consideration.

1. Political appointees should be removed from direct management responsibilities regarding the SES personnel system. This would have special reference to the Office of Personnel Management, Executive Resources Boards, and Performance Review Boards. In a moment I will suggest how career executives should be held accountable for everyday management of the SES.

2. We should reorder and rationalize the current executive personnel non-system that exists below agency heads and above the existing SES levels. For the most part, this whole band of jobs--embracing daily responsibility for policy management and administrative management-- should be regarded as a kind of "super-SES." There should be less career tenure than the SES permits but a closer examination of merit than the normal political appointment process allows. These should be jobs to which the best SES executives should be able to realistically aspire.

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3. Ultimately--which is to say beyond the political passions of the moment--there is a shared interest between Congress and the Presidency in a non-partisan system of public management. By that I mean a system that will work with equal fidelity whichever group happens at the moment to be in power. But today there is no reliable way of institutionally expressing that joint interest. While recognizing the Constitutional difficulties, I believe we should consider the establishment of a permanent Public Service Commission to serve as an agent of Congress in overseeing the management of federal personnel systems.

My preference would be to have this Commission headed by a person appointed for a fixed term by both Houses of Congress and include persons nominated by the President as well as representatives of the general public. The relevant staff capacities from GAO would be given new prominence in this new body.

The Public Service Commission would call career executives to account for their management of the SES system. It would oversee and report on the qualifications of those persons in the higher public service--the "super-SES" appointments. It would prepare background materials for use in the Senate confirmation of all presidential nominees to federal positions.

Madam Chairman, in the past few months we have been hearing again the "mess in Washington" stories. The friends of friends who get federal jobs after giving financial assistance to persons in high places; the political executives whose tenure is shortened by new revelations; political blacklisting in an overseas speakers program; proposed lie detector tests on demand for 2.5 million federal employees suspected of leaking information, and so on. These too are but the latest

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symptoms of a public management system that is not working well. I realize there are inherent tensions and ambiguities in any way you structure the public service. But it is difficult for me to believe that we cannot do better.

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